

ANNUAL REPORT
of
THE GOODYEAR TIRE & RUBBER CO.
OF CANADA, LIMITED
NEW TORONTO, ONTARIO

1944





ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1944

NEW TORONTO, ONTARIO

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman
AKRON

A. G. PARTRIDGE
TORONTO

P. A. THOMSON
MONTREAL

C. H. CARLISLE
TORONTO

P. E. H. LEROY
AKRON

J. E. McALLISTER
TORONTO

E. J. THOMAS
AKRON

EXECUTIVE OFFICERS

A. G. PARTRIDGE
President

P. A. THOMSON
Vice-President

R. C. BERKINSHAW
General Manager
and Treasurer

E. H. KOKEN
Vice-President in Charge of
Production

O. H. BARRETT
Secretary
and General Counsel

D. C. CARLISLE
Comptroller

J. W. PHILP
Assistant Treasurer

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

K. E. KENNEDY
Assistant Secretary

ANNUAL REPORT OF THE DIRECTORS
OF
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

February 16th, 1945.

TO THE SHAREHOLDERS—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which sets forth the result of the operations for the year ended December 31st, 1944 and the present financial position of the combined companies, together with the corresponding figures for the previous year for purposes of comparison.

The operations of the combined companies for the year 1944 have resulted in a profit of \$2,540,499.31 after charging all manufacturing, selling and administrative expenses and income and excess profits taxes (including refundable portion of excess profits taxes amounting to \$228,154.74), but before providing for depreciation; from this amount there has been set aside a reserve of \$1,187,699.24 for depreciation of buildings and equipment, which includes special depreciation on new equipment required for the war effort, leaving a net profit of \$1,352,800.07.

A comparison of the operations of the year 1944 with those of 1943 shows that there was an increase in sales and in the amount of gross profits, although there was a reduction in the average percentage of profits to sales; the increase in the amount of gross profits, however, was more than offset by increased provision for depreciation.

The manufacture of tires and other products for war purposes continues to occupy the larger part of the Company's productive facilities and, as in previous war years, the manufacture and sale of rubber products for essential civilian use still remain subject to the close control of the Federal Government.

Your Company's factories operated substantially at capacity throughout 1944 and the increase in sales above mentioned, indicates that your Company is receiving its full share of the available business.

The net earnings for the year were equivalent to \$4.14 a share on the 257,260 shares of Common stock outstanding, as compared with \$4.51 a share in 1943; \$6.33 a share in 1942; \$5.09 a share in 1941 and \$4.25 a share in 1940.

The customary annual review was made of the stocks of raw materials, work in process and finished goods on hand which are stated in the Balance Sheet on the usual basis of cost or market, whichever was lower.

The following summary sets out the manner in which the profits for the year have been applied:

FUNDS PROVIDED FROM PROFITS

| | |
|--|----------------|
| Consolidated net profits for the year..... | \$1,352,800.07 |
| Add—Provision for depreciation..... | 1,187,699.24 |
| | <hr/> |
| Profits before providing for depreciation..... | \$2,540,499.31 |
| | <hr/> <hr/> |

DISPOSITION OF FUNDS

| | |
|---|----------------|
| Dividends on 5% Preferred Stock..... | \$287,368.14 |
| Quarterly dividends aggregating \$2.50 on 257,260 shares Common Stock and extra dividend aggregating \$2.50 paid in December 1944..... | \$1,286,300.00 |
| | <hr/> |
| | \$1,573,668.14 |
| Increase in Preferred Stock redemption fund..... | 2,974.90 |
| Preferred Stock redeemed—1,081 shares of a par value of \$50.00 each..... | 54,050.00 |
| Expended for additions to plant and equipment (net)..... | 1,938,821.55 |
| | <hr/> |
| | \$3,569,514.59 |
| LESS— | |
| Decrease in net current assets or working capital | \$953,107.49 |
| Decrease in Miscellaneous investments..... | 4,568.74 |
| Decrease in deferred charges..... | 71,339.05 |
| | <hr/> |
| | 1,029,015.28 |
| Total as above..... | \$2,540,499.31 |
| | <hr/> <hr/> |

Adequate reserves have been established to provide for accruing depreciation of building and equipment and for losses in the realization of Accounts Receivable. Provisions have been made for all ascertained liabilities, which include a reserve for adjustments in the final prices of Government contracts. It should be understood that this reserve and the provision for income and excess profits taxes are subject to adjustment when settlement of prices under Government contracts is finally determined.

A review of the Consolidated Balance Sheet will disclose that the companies are in their usual strong financial position, with no bank indebtedness. The working capital at December 31st, 1944 amounted to \$9,459,106.94, which was less than the working capital of \$10,412,214.43 at the beginning of the year by \$953,107.49; this reduction was occasioned chiefly by the substantial capital expenditures made during the year.

The net expenditures for additions to buildings and equipment, amounting to \$1,938,821.55 represent mainly the additional cost of equipment and facilities required for the processing of synthetic rubber and the manufacture of rayon cord fabric. The program of re-adjusting plant facilities to meet current operating conditions, which is now well on the way to completion, was undertaken in line with your Company's policy of maintaining all units on a modern up-to-date, efficient basis.

Synthetic rubber is now produced in sufficient quantities to supply all demands and its use in the manufacture of all rubber products has greatly increased during the year, with a resultant saving in consumption of natural rubber. Your Company has taken and continues to take an active part in the development of Canada's synthetic rubber industry.

The use of rayon cord fabric in the manufacture of large size tires, for both military and civilian requirements, has become increasingly important. Both rayon and cotton cord fabrics are now produced in your Company's mill at St. Hyacinthe in sufficient quantities to meet the demands of the New Toronto and Bowmanville plants.

Your Board wishes to record its appreciation of the loyalty, cooperation and effort of the personnel of the organization which has made possible the satisfactory results of the year's operations.

We appreciate and value the continued cooperation of our shareholders.

A. G. PARTRIDGE,
President.

On behalf of the Board.

THE GOODYEAR TIRE & RUBBER and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

| | <u>December 31,</u> <u>1944</u> | <u>December 31,</u> <u>1943</u> |
|---|------------------------------------|------------------------------------|
| <u>CURRENT AND WORKING ASSETS:</u> | | |
| Cash | \$ 2,175,826.28 | \$ 2,004,874.29 |
| Government bonds at cost or market whichever is lower | 9,450.00 | 2,508,052.09 |
| | <u>\$ 2,185,276.28</u> | <u>\$ 4,512,926.38</u> |
| Accounts Receivable | \$ 3,626,307.82 | \$ 1,555,884.17 |
| Less—Reserve for bad and doubtful accounts | 158,305.68 | 131,606.77 |
| | <u>\$ 3,468,002.14</u> | <u>\$ 1,424,277.40</u> |
| Inventories at cost or market whichever is lower: | | |
| Finished goods | \$ 1,841,385.67 | \$ 4,398,272.82 |
| Goods in process | 1,046,229.94 | 1,190,384.00 |
| Raw materials and supplies | 2,604,018.86 | 2,754,870.37 |
| | <u>\$ 5,491,634.47</u> | <u>\$ 8,343,527.19</u> |
| | \$11,144,912.89 | \$14,280,730.97 |
| Less—Advance payments on Governments contracts | — | 2,528,160.53 |
| | <u>\$11,144,912.89</u> | <u>\$11,752,570.44</u> |
| <u>TOTAL CURRENT ASSETS</u> | <u>\$11,144,912.89</u> | <u>\$11,752,570.44</u> |
| <u>REFUNDABLE PORTION OF EXCESS PROFITS TAX</u> | <u>\$ 610,320.21</u> | <u>\$ 382,165.47</u> |
| <u>INVESTMENTS:</u> | | |
| Stocks, bonds and mortgages | \$ 170,709.20 | \$ 175,277.94 |
| Preferred stock redemption fund | 230,862.82 | 227,887.92 |
| | <u>\$ 401,572.02</u> | <u>\$ 403,165.86</u> |
| <u>LAND, BUILDINGS, MACHINERY AND EQUIPMENT</u> | <u>\$15,954,759.58</u> | <u>\$14,176,720.55</u> |
| <u>DEFERRED CHARGES TO OPERATIONS:</u> | | |
| Prepaid insurance and other expenses | \$ 67,499.56 | \$ 138,838.61 |
| | <u>\$ 67,499.56</u> | <u>\$ 138,838.61</u> |
| | <u>\$28,179,064.26</u> | <u>\$26,853,460.93</u> |

COMPANY OF CANADA, LIMITED

COMPANIES

DECEMBER 31, 1944

LIABILITIES

| | <u>December 31,</u> <u>1944</u> | <u>December 31,</u> <u>1943</u> |
|---|------------------------------------|------------------------------------|
| CURRENT LIABILITIES | | |
| Current accounts payable | \$ 955,940.82 | \$ 355,628.14 |
| Reserve for income, excess profits and other taxes (after deducting 1944 payments of \$2,015,600.00) | 729,865.13 | 857,965.94 |
| Reserve for adjustments in final settlement of prices under Government contracts | — | 126,761.93 |
| TOTAL CURRENT LIABILITIES | \$ 1,685,805.95 | \$ 1,340,356.01 |
| RESERVE FOR CONTINGENCIES | \$ 500,000.00 | \$ 500,000.00 |
| RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT | \$10,972,790.37 | \$ 9,945,873.65 |
| CAPITAL STOCK: | | |
| Five percent Cumulative Redeemable Preferred Stock: Authorized 160,000 shares of \$50.00 each <u>\$8,000,000.00</u> | | |
| Issued and fully paid 120,000 shares | \$ 6,000,000.00 | \$ 6,000,000.00 |
| Less—Redeemed 5,323 shares | 266,150.00 | 212,100.00 |
| 114,677 shares | <u>\$ 5,733,850.00</u> | <u>\$ 5,787,900.00</u> |
| Common Stock: | | |
| Authorized—290,660 shares of no par value | | |
| Issued—257,260 shares | \$ 128,630.00 | \$ 128,630.00 |
| Capital Surplus | 463,068.00 | 463,068.00 |
| | <u>\$ 591,698.00</u> | <u>\$ 591,698.00</u> |
| SURPLUS: | | |
| Balance at end of previous year | \$ 8,305,467.80 | \$ 8,303,995.99 |
| Profit for year ending December 31, before providing for depreciation, but after deducting income and excess profits taxes (including refundable portion of excess profits tax, 1944—\$228,154.74; 1943—\$276,671.97) | \$ 2,540,499.31 | \$ 2,084,053.11 |
| Less—Reserve for depreciation | 1,187,699.24 | 635,516.30 |
| Net profit | \$ 1,352,800.07 | \$ 1,448,536.81 |
| | \$ 9,658,267.87 | \$ 9,752,532.80 |
| Deduct—Dividends: | | |
| On five percent Preferred Stock | \$ 287,368.14 | \$ 289,395.00 |
| On no par value Common Stock | 1,286,300.00 | 1,157,670.00 |
| | <u>\$ 1,573,668.14</u> | <u>\$ 1,447,065.00</u> |
| Balance of surplus | <u>\$ 8,084,599.73</u> | <u>\$ 8,305,467.80</u> |
| DEFERRED SURPLUS: | | |
| Refundable portion of excess profits tax | \$ 610,320.21 | \$ 382,165.47 |
| | <u>\$28,179,064.26</u> | <u>\$26,853,460.93</u> |

PRICE, WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 31, 1945.

To the Shareholders of
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have made an examination of the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1944. In connection therewith, we examined or tested accounting records and other supporting evidence, and all our requirements as auditors have been complied with; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We satisfied ourselves that all charges to property accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand or contracted for have been taken and valued by the companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and government bonds were confirmed by certificates and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1944 are included in the balance sheet.

In our opinion, based upon such examination, the annexed consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1944, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.
Chartered Accountants.

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.

Cotton Plant: ST. HYACINTHE, QUE.

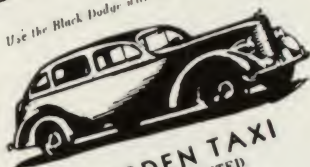
BRANCHES

| | |
|------------------|--------------------------------------|
| ST. JOHN, N.B. | 112 Princess St. |
| QUEBEC, QUE. | Cor. Dorchester and Lalemant Streets |
| MONTREAL, QUE. | 679 St. James St. W. |
| TORONTO, ONT. | 204 Richmond St. W. |
| LONDON, ONT. | 539 Richmond St. |
| WINNIPEG, MAN. | 97 Higgins Ave. |
| REGINA, SASK. | Cor. Broad St. and 6th Ave. |
| SASKATOON, SASK. | Cor. 24th St. and Pacific Ave. |
| CALGARY, ALTA. | 537—8th Ave. West |
| VANCOUVER, B.C. | Cor. Nelson and Hamilton Sts. |

WHOLESALE DISTRIBUTORS

| | | |
|----------------|--|-------------------------------|
| Sydney, N.S. | Cape Breton Battery & Vulcanizing Co. Ltd. | 416 George St. |
| Halifax, N.S. | Maritime Accessories Limited | Sackville and South Park Sts. |
| Victoria, B.C. | B. R. Ciceri & Co. | 847 Yates St. |

Use the Black Dodge with the Gold Stripes



GARDEN TAXI SERVICE LIMITED

North Park Street at Cornwallis
Halifax, N. S.

Halifax, N.S.,
October 25th, 1944.

The Goodyear Tire & Rubber Co. Ltd.,
New Toronto, Ontario.
Gentlemen:—

Congratulations to Goodyear on
building such a fine synthetic tire!!

We have been using Goodyear S-3's
for over a year and have enjoyed thousands of
trouble free miles.

GARDEN TAXI SERVICE LTD.

W. Smith. Pres.

Telephone
B-7217
3 Trunk Lines



BLAIR'S TAXI

24 HOUR SERVICE

Phone 2727

MEDICINE HAT, ALBERTA

Oct. 10th /44

The Goodyear Tire & Rubber Co.,
Calgary, Alta.

Dear Sirs:—

I have equipped several of my cars
with Goodyear Synthetic tires and have found
them very satisfactory. Have some which have
already run over 13,000 miles and am planning
on having them recapped when the tread design
has worn down some more.

When I first bought these tires I
afraid that they would not stand up under the
severe conditions of the taxi business, but
been well satisfied with their performance.

Yours truly,

BLAIR'S TAXI
Per *L.R. Blair*

June 6, 1944

Mr. V. R. Maylor,
The Goodyear Tire & Rubber Co. Ltd.,
320 Sparks Street,
Ottawa, Ontario.

Dear Sir:

Frisby the Vulcanizer supplied me
with Four Goodyear Synthetic tires for my Nash
car on October 8, 1943. I have given them plenty
of hard work on gravel roads in the Gatineau
district, and they show very little sign of
wear, and from their appearance I feel satisfied
I will receive as good service as I received
on previous tires.

This letter is sent to you in
appreciation of the work your Company has done
to overcome an almost impossible situation when
the Japs took our source of rubber

PLAUNT HARDWARE CO.,

Per *Alain Plaunt*

GOOD NEWS

From the Postman!

From Canada, coast-to-coast, the good news rolls in: "Goodyear synthetic tires are tops."

As some evidence of this we reprint on these pages a few of the many, many letters which have been so kindly sent to us.

Such testimony points straight and true to one certain fact: Goodyear leadership in the field of natural rubber is being carried over most successfully into the field of synthetics.

UNIVERSAL REFRIGERATION
LIMITED
899 ADELPHI ST. WEST
TORONTO

October 17th, 1944.

Goodyear Tire & Rubber Co. of Canada Ltd.,
204 Richmond Street West,
Toronto 1, Ontario.

Gentlemen:

We have been users of Goodyear tires on our fleet of refrigeration service trucks for a number of years and last year commenced using Goodyear synthetic tires for replacement. Since that time we have equipped our trucks with a considerable number of these synthetic tires and have to date had excellent service from them.

We have yet to have one break-down and on examination of the tread of these tires for the mileage run, their wearing qualities seem to be as good as on the standard Goodyear tires we have used in the past, manufactured from regular rubber.

Yours very truly,

UNIVERSAL REFRIGERATION LIMITED.
John F. Foley
President.

JJF:BSG

HEAD OFFICE
ST. JOSEPH DE SOREL, P.Q.
TEL. 784

◆ PILES ◆
ELZEAR COURNOYER
LUMBER DEALER

ST. JOSEPH DE SOREL, P.Q.

July 10th, 1944.

Goodyear Tire & Rubber Co. Ltd.,
679 St. James St. West,
Montreal, Que.

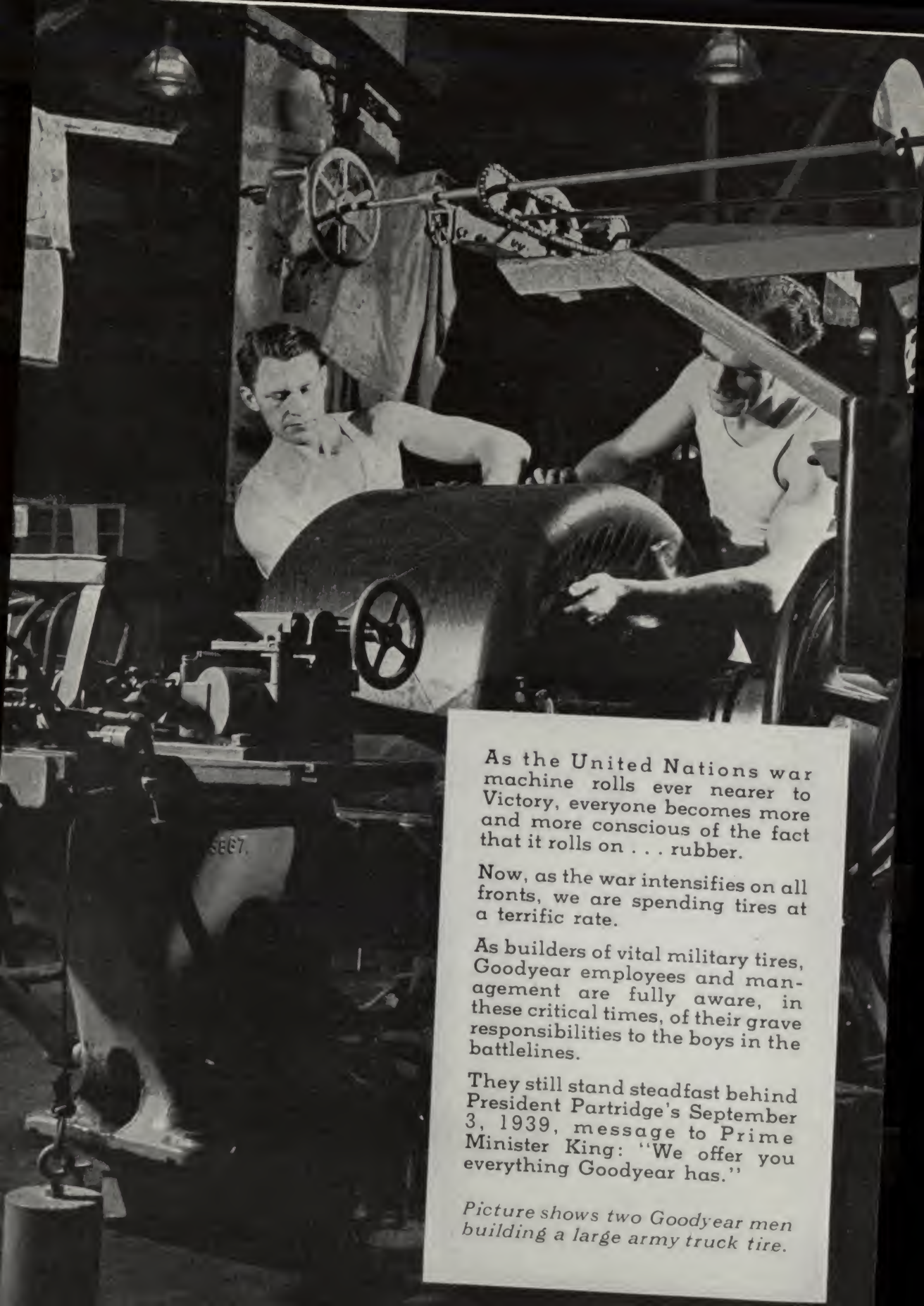
Dear Sirs:

I operate 8 trucks and 6 trailers for general transportation between Sorel and Montreal and the question of tires is very important.

My trucks are equipped with Goodyear Synthetic Tires sizes 32 x 6/7.00-20 and 34 x 7/7.50-20 and I do not hesitate to state that I am entirely satisfied with these tires. Some have run 10,000 miles and others 12,000 miles and the tread wear is hardly noticeable.

Yours very truly,

ELZEAR COURNOYER
Per *E.C.*



As the United Nations war machine rolls ever nearer to Victory, everyone becomes more and more conscious of the fact that it rolls on . . . rubber.

Now, as the war intensifies on all fronts, we are spending tires at a terrific rate.

As builders of vital military tires, Goodyear employees and management are fully aware, in these critical times, of their grave responsibilities to the boys in the battlelines.

They still stand steadfast behind President Partridge's September 3, 1939, message to Prime Minister King: "We offer you everything Goodyear has."

Picture shows two Goodyear men building a large army truck tire.



GOODYEAR